

Status: Ready To File

Western Massachusetts Electric Company
Docket No. DTE 04-106

Information Request DTE-03
Dated: 12/17/2004
Q- DTE3-003
Page 1 of 1

Witness: Richard A. Soderman
Request from: Department of Telecommunications and Energy

Question:

Refer to the Company's response to Information Request DTE 1-18, at 2. Please explain in detail the nature of the \$2,314,000 income tax adjustment for test year taxes. In addition, explain the increase in this adjustment from the \$239,000 appearing in Exh. C, Att. 2, Sch. 8 of the Company's initial filing.

Response:

The \$2,314,000 income tax adjustment shown in the Company's response to IR DTE-01, Q-DTE1-018, page 2, is the difference between the taxes presented by the Company in its standard filing requirements Attachment 1, Schedule C-1.0 and the tax calculation provided on page 2 ($\$17,087 - 14,773 = \$2,314$). The Company's income tax amount of \$17,087,000 included in Schedule C-1.0 is the distribution portion of the actual 2003 test year taxes as shown in the Company's 2003 FERC Form 1 adjusted for pro forma expenses and the proposed revenue requirement presented in this rate case. The \$14,773,000 shown in DTE1-018, page 2, represents a generic tax calculation which does not reflect all potential tax adjustments unique to the Company which have been included in the 2003 test year.

The increase in the income tax adjustment from \$239,000 to \$2,314,000 is the result of the revision to Attachment 2, Schedule 8 provided in DTE1-018, page 2.